Student Credit Management
Common Services for Borrowers

Statement of Objectives (SOO)

February 13, 2003

Version 1.16

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1.0 Introduction and Background

1.1 FSA Overview

The U.S. Department of Education operates over 175 programs that touch every area and level of education. One of the key areas is Title IV Aid for post secondary education. The Office of Federal Student Aid (FSA) is the office within the Department of Education responsible for managing the federal student aid programs and processes. FSA makes available over $50 billion in post secondary student financial aid every year, including more than $30 billion in new student loans, and more than $7 billion in Pell Grants. FSA is the equivalent to the 9th largest bank in the U.S. with a loan portfolio in excess of $100 billion. FSA does this with 1,200 employees and 3,800 contractor personnel who operate and maintain the myriad of systems and processes that enable FSA to manage the Title IV federal student aid programs. FSA "helps put America through school."

Challenged by Congress to integrate its many disparate legacy systems, improve service to its customers and employees, reduce its operational costs, and restore integrity to the systems and processes that manage the federal loan program, FSA was designated the first Performance-Based Organization (PBO) to manage for results. This designation was the starting point on FSA's effort to modernize the management, delivery, and accountability of its Title IV Aid program. Operating as a PBO, FSA implemented a corporate-like organization structure led by a Chief Operating Officer (COO), Chief Financial Officer (CFO), Chief Information Officer (CIO), and General Managers.

1.1.1 FSA's Business Challenge

FSA's business challenge is articulated in the COO's objectives, which in turn, drive the work of FSA:
- FSA Systems Integration and Technology Solution Initiatives
- Improve Program Integrity
- Reduce Cost
- Improve Human Capital Management
- Improve Products and Services

1.1.2 FSA Business Model

In order to successfully transform FSA into a PBO, FSA completely redesigned its business model. Focusing on customers and processes, an overall business view was developed that at a high level targets critical business solutions to meet the changing demands of FSA's customers. Business support functions were identified that act as enablers to the delivery of FSA's business solutions. This core business view highlights the following business solutions:
- *Aid Awareness*
- *Aid Application*
- *Aid Origination & Disbursement*
- *Loan Servicing & Repayment (includes Consolidation and Defaulted Loan Collections)*
- *Aid Eligibility*

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Additionally, business support functions were identified that act as enablers to the delivery of FSA's business solutions:

- *Financial Management*
- *IT Management*

Mandated by Congress to operate as a results-based agency, FSA had to move away from its legacy of program-based operations. This legacy of legislatively mandated growth had resulted in over 14 different stove-piped legacy systems operated by over 12 different contractors, 13 different customer care centers, 7 different 1-800 numbers that were developed to answer calls related to the various FSA managed systems, over 35 different websites or web access points, and disparate data stores. FSA moved from a program-centric organization into a customer-centric organization that is focused on its core customers – *students/borrowers, schools, and financial partners.*

1.1.3 FSA Integration Efforts

Using a phased development approach, FSA is modernizing and integrating their core business functions - loan application, loan origination & disbursement, and loan servicing - through the reengineering, retirement, and replacement of existing legacy systems. Through the formulation of a core business architecture, FSA has been able to apply key technical architecture solutions including middleware technologies to help integrate modernized systems with legacy systems to enable data sharing and eliminate redundancies. These core business application solutions are integrated with a Financial Management System using Oracle's Federal Financials Commercial Off-The-Shelf (COTS) product enabling FSA to have a financial "worldview" of their business.

FSA's transformation affects all aspects of its business – people, processes and technology. As part of the integration efforts, FSA has performed the following activities:

- Created and implemented a new business architecture, focusing on services that are critical to customers – eliminating some, changing some and adding new processes.
- Developed and maintains an enterprise architecture, reducing the costs to operate systems and increasing the ability for systems to "talk to each other."
- Utilized the Internet for many aspects of the business including helping change customer behaviors: In essence, turning paper to electrons to reduce cost and improve service.
- Offers customers more electronic options, as evident by web portals and Customer Relationship Management (CRM) planning.
- Integrated financial management systems to assure the integrity of program expenditures and ensuring that FSA's fiduciary duty to the public is fulfilled.

One of the more recent initiatives that FSA has undertaken is the Common Services for Borrowers (CSB) initiative, which involves the integration of the Repayment, Consolidation, and Collections business operations and functions. These three functions – Repayment, Consolidation, and Collections – are managed within FSA through the Student Credit Management (SCM) team.

1.2 Common Services for Borrowers (CSB) Initiative

In April 2002, the leadership of Student Credit Management (SCM) and FSA Integration Partner leadership met to discuss the idea of Common Services for Borrowers (CSB). During these sessions, the

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life cycles of Repayment, Collections and Consolidation were discussed and comparisons were made between the portfolios of Repayment and Collections. Through these life cycle discussions and portfolio comparisons, common areas were identified. As a result of these working sessions, SCM Leadership created the Mission and the Vision for the CSB project.

CSB Mission – "We Help America Manage Student Aid Obligations"
CSB Vision – "To improve the management of student aid obligations through efficient use of timely and accurate information, common functions, and shared data"

CSB's Mission and Vision support FSA's organizational objectives, as defined in Section 1.1.1 of this document. In an effort to use industry best practices and improve the management of these assets, SCM leadership concluded that a number of common functions within SCM can be streamlined, consolidated, and reengineered to deliver significant improvements in managing student aid obligations from both a cost and borrower satisfaction perspective. FSA believes that at the present time, there is an opportunity to procure a vendor(s) to perform the operations and software applications maintenance for an integrated solution across all three business areas.

SCM's core business processes will be reengineered in the CSB solution. These core business processes are associated with the post-enrollment period of student aid, including servicing the William D. Ford Federal Direct Loan Program portfolio, performing Direct Loan consolidation, and the management and recovery of student aid obligations assigned to the US Department of Education. This reengineering will include the "back office" and "front office" functions associated with the servicing and collection of federal student aid obligations. The "back office" functions include Data Management, Transaction Processing (including consolidating loans), Payment Processing, Fulfillment, Document Management, Debt Recovery and Resolution, Portfolio and Risk Management, Performance Management, Program Management, and all necessary resources required to support these activities (school services, entitlement processing, etc.). The "front office" functions include Customer Relationship Management (CRM)/Customer Interaction activities and interfaces, consisting of Paper Correspondence, Call Center (Customer Service Representative) Operations, an Interactive Voice Response (IVR) system, and the CSB Website. The CSB solution will not include aid awareness, FAFSA processing, loan origination, or any other functions not directly related to the post-enrollment activities of loan consolidation, servicing, and recovering federal student aid obligations. However, the CSB solution must fully integrate and be compatible with these and other FSA business functions that support the management of student aid obligations. In addition, "back office" functions must support the Customer Interaction layer of the "front office." FSA retains the right to bid different components of the CSB solution to different bidders as it deems necessary.

In order to manage the costs associated with such a large portfolio, the integrated CSB solution must provide innovative measures to ensure portfolio growth is not the key driver of total cost. Vendor incentives must be based on performing assets, rather than transaction or activity based delinquent incentives. Costs may also be managed through redistribution of customers to self-service options. Performance measures will help ensure that the complete CSB solution operates as efficiently and effectively as possible and that it is achieving the desired CSB business outcomes. These measurements will be flexible to allow for regular reviews and revisions as necessary.

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To realize the Mission and Vision, the Core Team established Action Teams consisting of FSA personnel chosen for their knowledge in the day-to-day detailed operations of each specific business area. The Core Team tasked these Action Teams with reviewing the processes across their business areas, identifying relevant information, documenting the details of each core business area, establishing a comprehensive list of common functions, and identifying potential opportunities for improvement.

The Core Team also identified the following strategic objectives of the CSB initiative:
- Optimize Portfolio Management
- Integrate Systems and Data
- Realize Operational Efficiencies
- Improve Tools for Servicing Student Aid Obligations
- Create Adaptability and Flexibility in Systems
- Improve Customer Service and Increase Self-Servicing Opportunities

These objectives aim to clearly identify the drivers of value associated with the work of the Action Teams. To further help list the issues faced by SCM and guide the identification and analysis of opportunities for improvement, the Core Team developed success criteria to guide the efforts of the Action Teams. These strategic objectives were also used to help the Conceptual Design Team formulate CSB's newly defined End State Vision (refer to Section 2.1) by means of establishing the necessary business capabilities for CSB to achieve these objectives.

1.3   Integrated Technical Environment

The following is a list of Systems, Solutions, and Tools supporting FSA's Integration effort. This list is not exhaustive of all systems used by FSA in its daily business operations. It is a list illustrating key technologies FSA has committed to and invested in. The new CSB solution should be compatible and compliant with these components of the FSA Integrated Technical Environment and, where possible, incorporated in the proposed solution.

1.3.1 EAI Middleware Technology and Integrated Technical Architecture

Most FSA applications reside on a consolidated platform, in one central location, managed by a single vendor. In order to manage the integration of this concentrated systems and data operational environment, FSA has employed Enterprise Application Integration (EAI) Middleware Technology and developed an Integrated Technical Architecture (ITA).

The EAI Middleware Technology provides the services necessary to support application integration across the FSA Enterprise. By building the middleware architecture, modernized systems are able to interact with legacy systems and FSA's applications are able to pull/push data from their sources without having to build costly one-to-one interfaces.

The Integrated Technical Architecture (ITA) is a strategic component of the overall FSA enterprise architecture. It comprises three core architecture domains: *Internet, Integration, and Infrastructure.* The ITA provides a standardized, integrated, reusable infrastructure for enabling business capabilities to

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reduce the number of custom-built, stove piped applications that are costly to update and maintain. A priority of ITA is adding efficiency, scalability, and performance through effective environment build-out, while accommodating all stages of application development. The ITA enables the successful launch of FSA applications through performance testing by troubleshooting performance bottlenecks and resolving issues.

The following diagram (Simplified Technical Architecture) outlines a simplified view of FSA's Integration effort via its Integrated Architecture. This diagram represents a goal to provide seamless interactions between customers and key access points to the data existing in applications.

Simplified Technical Architecture
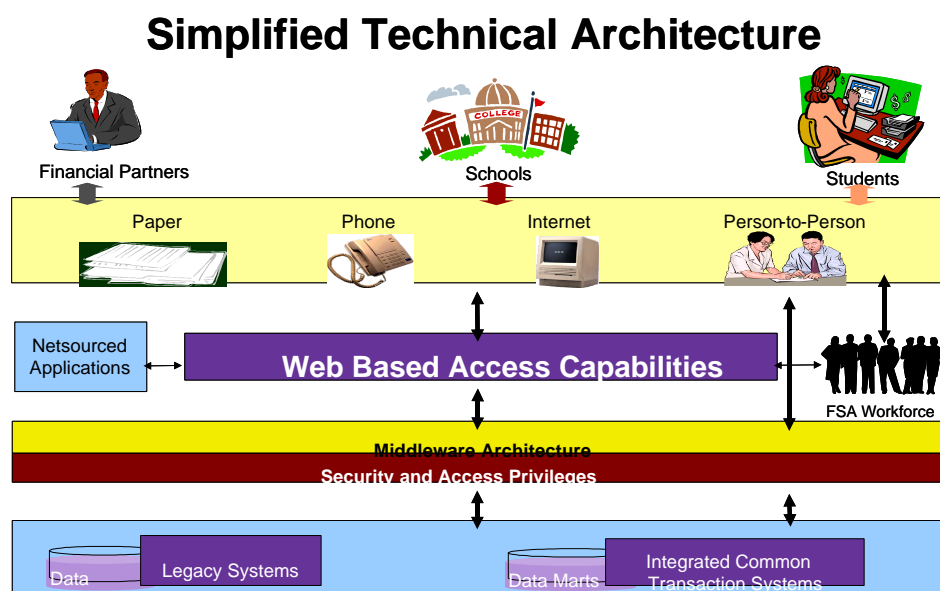
Note: The Integrated Technical Architecture is represented by the Middleware Architecture and the Security and Access Privileges layer and demonstrates the means by which data is pulled from systems and displayed or transmitted to FSA's customers.

1.3.2 FSA Enterprise Assets

The following Enterprise wide initiatives are currently in the planning stages. Once defined and integrated, the CSB solution must comply with these initiatives.

1.3.2.1 Routing ID (RID)
The Routing ID (RID) is a FSA initiative that plans to provide the means to facilitate interaction with FSA systems and services by providing a single identifier with which schools, third party services, lenders, and state agencies -- among others -- can identify themselves to the entire enterprise.

1.3.2.2 Common Student Identifier (CSID)
The Common Student Identifier (CSID) seeks to establish a simple framework by which FSA and its partners can consistently identify students/borrowers, across all phases of the Student Aid Lifecycle.

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1.3.2.3 XML Framework

The Extensible Mark-up Language (XML) Framework represents a documented technical architecture specification detailing FSA's data transfers with internal and external organizations. A common record using the framework's guidelines will standardize these data transfers between systems. Using XML technology to build the new common record, the need for static or fixed record layouts will be removed.

1.3.3 FSA Applications Outside of Student Credit Management

The FSA environment consists of numerous applications that support FSA's core business functions. The following sections describe these applications and provide a few fundamental examples of environments with which the CSB solution may have to interact. During the CSB build-out, the team should be aware of these applications and their impact to gain a greater understanding of the other systems and business functions supporting FSA's goals and objectives.

1.3.3.1 Free Application for Federal Student Aid (FAFSA) on the Web

Free Application for Federal Student Aid (FAFSA) is an application used by students and schools to submit financial aid applications via the Internet. This web version of the FAFSA, http://www.fafsa.ed.gov, now processes over 3 million electronic requests for financial aid and is on target to process 6 million in the 2002-2003 Aid Award Year.

1.3.3.2 Integrated Loan Origination & Disbursement Systems

In 2002, FSA implemented a Common Origination and Disbursement (COD) (http://www.cod.ed.gov) system to simplify the process for schools to obtain financial aid for their students. The application provides for program integrity within FSA's loan origination and disbursement processes. The COD solution supports a common process, platform, and record for FSA's participating schools to originate and disburse Title IV federal aid funds. Using the Internet, COD allows participating schools to logon to their accounts and, once verified, draw down funds to originate loans to students.

1.3.3.3 PIN Site Processing

FSA provides security to customer data via an FSA-issued PIN. By providing customers and other user groups with this PIN, user access and capabilities are enhanced. Below is a listing of PIN site functions:

- Capture of an "audit trail" of PIN verification requests
- Several Web Pages that provide for:
  - Borrowers to consent to electronic promissory note processing and the capability to review and sign their notes
  - Schools to enter parameters for their students using electronic signature notes
- An authentication process for borrowers/customers who need access to any CSB related electronic service
- Improved trading partner handoffs for ready access to electronic notes when they are needed

1.3.3.4 Electronic Signature Capabilities

FSA has enabled Internet-based electronic signature capabilities for its customers to accept their loan promissory notes by using an FSA-issued PIN, thus providing the ability to electronically sign and

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accept loan notes. Furthermore, this initiative will comply, and be coordinated across all FSA business channels, applying legislative standards for electronically signed documents and record retention.

1.3.3.5 National Student Loan Data System (NSLDS)
The Department of Education operates the National Student Loan Data System (NSLDS), a comprehensive repository of Title IV student aid data obtained from schools, guaranty agencies, and many internal FSA systems. This centralized database contains information on recipients and their loans, Pell Grants, and overpayment and enrollment statuses. The key capabilities supported by NSLDS include:
- Determining student eligibility for Title IV student aid – both pre-screening and post-screening
- Calculating default rates for schools, guarantors and lenders
- Supporting financial management activities including:
    - Budget formulation/execution and modeling
    - Reasonability of reasonability of payments to guarantors and lenders
- Tracking student enrollment status
- Providing information to policy, research and other groups

This information is provided by many sources – both internal and external to the Department of Education. NSLDS is not the system of record for any of this shared data. Given the importance of the data stored on NSLDS, it is critical that the Department of Education and financial aid community have confidence this information is accurate and timely and, when it is not, it can be corrected in a timely manner.

1.3.3.6 Web Portals – Simplified Customer Access
FSA has a web portal with separate views for FSA's customer groups enabling authorized users to access information, link to existing systems, and participate in the delivery and management of the Federal student aid process. Each view is specific to the needs of FSA's core customer groups:
- Students (http://www.studentaid.ed.gov)
- Schools (http://sfa4schools.sfa.ed.gov)
- Financial Partners (http://www.fp.ed.gov)

1.3.3.7 Financial Management System (FMS)
FSA's Financial Management System (FMS) uses Oracle Federal Financials to create a single, centralized integrated financial management system for FSA. FMS's vision is to incorporate business functionality across all program areas. The following characteristics represent FSA's FMS system:
- Provide access to sufficient levels of data
- Support FSA Channels, Enterprise areas, and Partners
- Provide timely and consistent financial data for strategic decision making
- Increase reporting capability across organization units
- Provide appropriate security, controls and audit trails
- Limit data and process redundancies
- Comply with Legislative requirements

The CSB solution will need to provide FMS with appropriate data so as to maintain the current level of financial reporting.

1.3.4 FSA Applications within Student Credit Management

The following descriptions of Mainframe Applications, Website Applications, and Data Mart Applications represent the current operational environment of SCM applications. The goal of the CSB initiative is to create a single integrated environment, which supports the business functions and requirements defining the SCM arena.

1.3.4.1 Mainframe Applications

FSA currently operates three independent systems covering the repayment lifecycle of a student loan. The Direct Loan Servicing System (DLSS) covers the servicing of Direct Loan student aid obligations up through 360 days of delinquency. At 361 days of delinquency, the defaulted loan is transferred to the Debt Management Collection System (DMCS) and Collections takes over and continues to service the obligation while in default. In addition to DLSS obligations, the DMCS system also manages debt assignments (both defaulted and non-defaulted) from other Education programs, such as Federal Family Education Loan (FFEL), Perkins, and Pell Grants. The Loan Consolidation System (LC) works with the above two systems, and FFEL lenders, to help borrowers better manage student aid obligations by consolidating multiple loans into a single consolidated loan.

Currently, each of these systems maintains their own data sets and assumes autonomy within the overall FSA data model structure. Furthermore, each of these systems is interconnected to the other two via direct and indirect interfaces and passes data and information regularly via scheduled transmissions. Extensive use of web technology and functionality provides customers with many self-service opportunities.

FSA currently owns both the LC and DMCS systems. They are deployed within the Virtual Data Center (VDC). FSA does not own or have exclusive rights to the DLSS but does have an option to acquire a perpetual license to use the software.

1.3.4.2 Website/User Interface Applications

Each of the above systems provides access to business transactions via its website. Each of these websites is owned by FSA. The individual websites provide tailored functionality based on the specific user communities (Please refer to *Appendix A* of this document for further detail as to the current functionality supported on these websites). The websites for each of the systems are listed below:

- DLSS Borrowers (http://www.dl.ed.gov/)
- DLSS Schools (http://www.dl.ed.gov/schools/)
- DLSS Department of Education (http://www.dl.ed.gov/ed/)
- Collections (http://www.ed.gov/offices/OSFAP/DCS)
- Private Collection Agency (PCA)/Guaranty Agency (GA) Support (http://www.collections.sfa.ed.gov/)
- LC (http://loanconsolidation.ed.gov)

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The Direct Loan eServicing initiative includes Electronic Bill Presentment and Payment/Electronic Correspondence (EBPP/EC), and electronic Customer Relationship Management (eCRM) functionality. The EBPP/EC portion of the initiative is an Internet based solution enabling Direct Loan borrowers to receive their bills and correspondence via e-mail, repay their loans, and execute transactions on-line. The eCRM portion is a Siebel-based solution for the Call Center Customer Service Representatives (CSRs), together with a Computer Telephony Integration (CTI) plug-in enabling Direct Loan call center personnel to manage telephone calls and customer relationships in an organized way.

In order to enroll in the EBPP/EC programs, the borrower must have a Department of Education-issued PIN. Borrowers enroll through the Direct Loan Servicing website (http://www.dl.ed.gov). Upon enrollment, borrowers receive a bill summary and other correspondence in their e-mail account every month. The borrower has the ability to:
- Access their electronic bill 24/7 on-line as available
- View payment history for the past six months
- Schedule payments 24/7 online from a bank account of their choice
- Schedule future payments up to six months in advance
- Request to have their Direct Loan bill delivered through a third party (portal) site
- Make Direct Loan payments through the portal site
- Receive CSB Correspondence through the portal site

eCRM is a software tool providing unique data presentations and processes. Under the eServicing initiative, eCRM was deployed to call center personnel receiving incoming phone calls at the Direct Loan Servicing Centers in Bakersfield, CA and Utica, NY. Coupled with the eCRM software tool is CTI. With CTI the call centers have the ability to authenticate callers with Department of Education-issued PINs and display individual borrower information without input from call center personnel. Using the eCRM tool, call center personnel may process real-time on-line transactions against the existing legacy system.

1.3.4.3 Data Mart Applications
SCM operates two Data Marts, the Credit Management Data Mart (CMDM) and the Delinquent Loan Data Mart (DLDM). These Data Marts serve as the foundation for providing SCM with a consolidated view of the portfolio:
- The CMDM provides SCM and other organizations with tools to prepare comprehensive reporting for Direct Loan demographic information. CMDM also provides FSA's CFO and SCM reports on DLSS financial transactions.
- The DLDM aggregates and generates monthly reports of all delinquent Direct Loan borrowers. The DLDM is then used by individual schools to research their delinquent borrowers and begin default aversion activities.

In addition to consistent and repeatable reporting, these Data Marts provide a method to create new and ad-hoc reports as analytic requirements change.

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2.0 Core FSA Business Objectives

2.1 CSB End State Vision

The following diagram depicts the targeted end state vision for an integrated CSB environment:

Paper	Call Center(CSR)	IVR	Web
CRM/Customer Interaction			
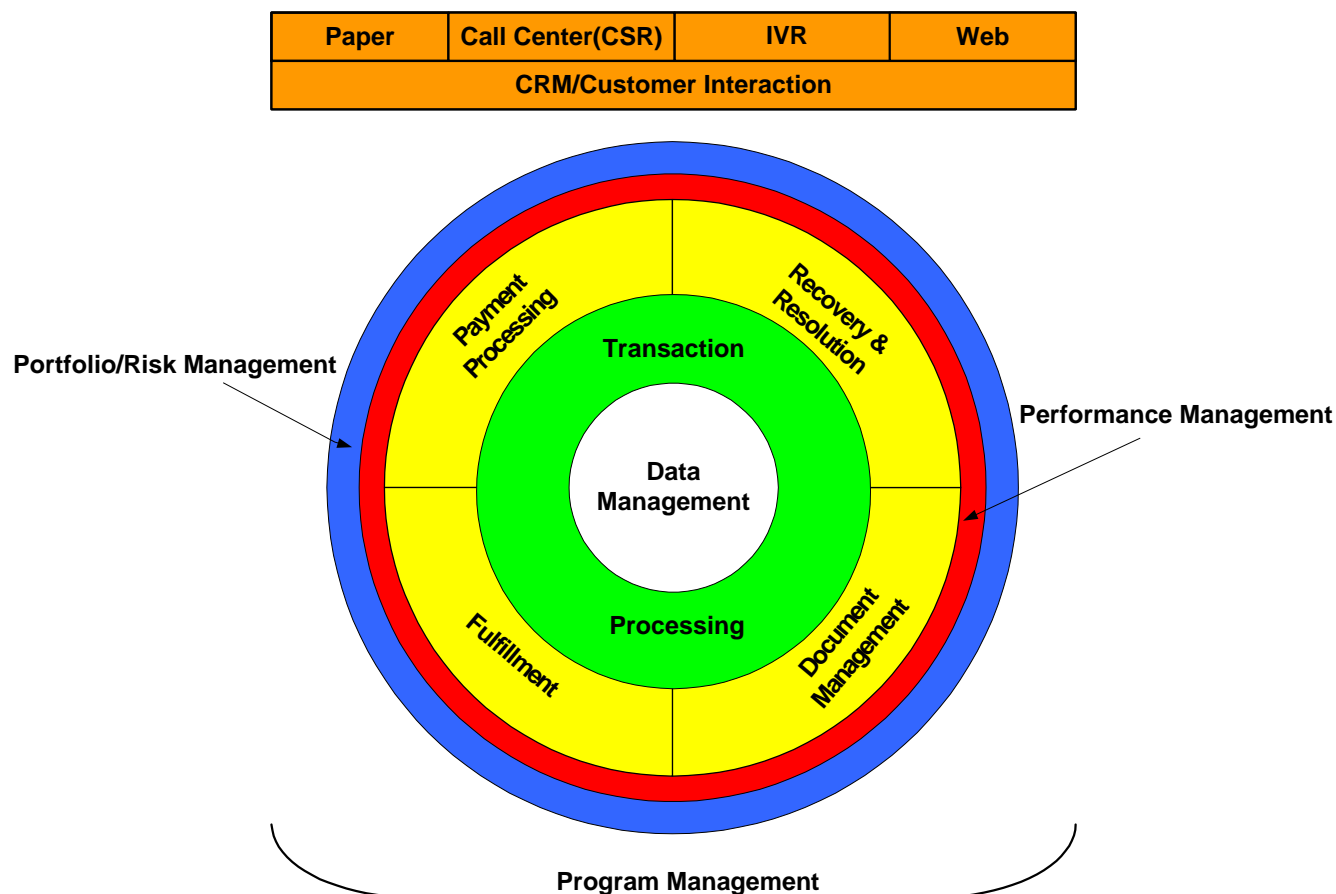
2.2 CSB Functional Requirements

The CSB Solution will be the vehicle to realize the End State Vision. Each of the following ten components of the CSB End State Vision represents a business function that must be fulfilled by the CSB solution:

2.2.1 Data Management

Data Management is at the heart of the CSB End State Vision. Effective Data Management, including financial data, will be an integral part of the CSB solution and will be key to its success. Data Management will consist of an integrated, FSA–wide effort to manage and coordinate all common data such as demographic data including, but not limited to, name(s), account identifier(s), address(es),

phone number(s), and email address(es). Financial data includes, but is not limited to, principal balance, disbursement amount(s), incentives, and capitalized interest across the system.

The Data Management component of the CSB solution must include a common language, which will result in a common record format and definition within the system. The common record must contain consistent data. Careful replication of the data will be necessary in order to avoid illogical data duplication.

The quality, accuracy, and integrity of the data within the system must always be maintained. In order to achieve this, validation must take place. Examples of such validation include skip tracing borrowers to ensure the addresses and phone numbers on file are up to date, and creating and analyzing internal reports to ensure the consistency of the data across the system. The consistency of the data must be both reconcilable and auditable, thereby allowing the CSB solution to serve as a principal System of Record.

Due to the sensitive nature of the information contained within the SCM portfolio, a detailed security plan must be included in the CSB solution. A number of individuals will require access to the information contained in the system for a variety of reasons such as providing customer service, developing and testing new functionality, and analyzing data for portfolio management, among others. These individuals must only be given access to the information deemed appropriate for their job responsibilities and level of security clearance.

Data Management will also include a high degree of integration between the business functions within CSB, including Servicing, Consolidation, and Collections. The CSB solution will provide seamless interaction between these business functions. In addition, the solution will integrate with several major FSA initiatives related to data strategy, including the Enterprise Application Integration (EAI) Bus, the XML Framework, Routing Identifier (RID), and the Common Student Identifier (CSID), among others.

The CSB solution will support interfaces with all existing trading partners such as the National Student Loan Data System (NSLDS), Common Origination and Disbursement (COD), Department of Treasury, FSA's Financial Management System (FMS), Payment Lockbox(es), Internal Revenue Service (IRS), Health and Human Services (HHS), Credit Bureaus, FFEL lenders, and Private Collection Agencies (PCAs), to name a few. Data will be shared and transferred with the trading partners in order to appropriately consolidate, service, and collect on the student aid obligations on the system. All reconciliation that is currently performed with the various trading partners will be necessary in the CSB solution as well.

Due to the size of the SCM portfolio, the CSB solution will require a well-planned data archiving and storage strategy, addressing both paper and electronic records. The ability to archive and retrieve that data will be key as the SCM portfolio grows and matures, and loans are paid off or otherwise discharged. Archiving the appropriate data will enable system-processing time to remain at acceptable levels. Archiving and storing the appropriate data should serve as one aspect of thorough capacity planning.

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The CSB solution will need to include an extremely comprehensive and demonstrated data recovery strategy that includes an annual disaster recovery exercise per federal regulations. This strategy must support business resumption should any type of disaster occur and meet defined standards for system availability and response time.

2.2.2 Transaction Processing

The CSB solution will include an integrated information delivery, account maintenance, and financial management environment capable of properly managing any type of student aid obligation. For every business event that occurs on an account, a transaction will be processed. Transactions will include, but will not be limited to:

- **Loan Booking and Set-up** – This category consists of all transactions that are necessary to receive a loan/disbursement record and set-up an account including Direct Loans, assigned defaulted loans, rehabilitated loans, and any other type of student aid obligation. Loan Booking and Set-up also consists of all of the steps involved in the consolidation of student aid obligations into and within the SCM portfolio. These steps include application receipt and review, credit checks where appropriate, Income Contingent Repayment (ICR) processing, identifying underlying loans, loan verification/certification, loan holder payoff, consolidation set-up, and supplemental loan processing.
- **Financial Transactions** – This category consists of all financial activity that occurs on borrower accounts, including disbursements, disbursement adjustments, disbursement cancellations, daily interest accrual, application of incentives, capitalization of interest, payoff receipt, balance certifications, debt write-offs, collection costs, and other balance adjustments as necessary.
- **Demographic Updates** – This category consists of all changes to borrower demographic information, including borrower, co-maker, and endorser name(s), account identifier(s) such as SSN, address(es), phone number(s), e-mail address(es), payment plans, and all other required borrower attributes.
- **Status Updates** – This category ensures that all borrower accounts are maintained with appropriate status codes to trigger other business events. Examples include in-school, in-grace, in repayment, delinquent (various stages), and default. This category also encompasses the processing of enrollment status updates received for students.
- **Entitlement Reviews/Decisions** – This category consists of the proper review, due diligence, decision-making, application, and tracking of various student aid entitlements, including eligibility and the time within that type. The CSB solution will be able to process all entitlements for appropriate loan types. The entitlements include various deferments, forbearances, and conditional and permanent loan discharges (Death, Disability, Bankruptcy, Closed School, Loan Forgiveness, etc.).
- **Generate and Track Correspondence** - This category includes both the automatic and manual events that will trigger the fulfillment process (electronic and paper) for bills, letters, statements, forms, applications, and notices.
- **Apply Borrower Payments, Third Party Payments, and Process Exceptions** – This category consists of the posting of all payments, including exceptions and third party payments received into the SCM portfolio in an accurate and timely fashion. The posting of processed payments will include retroactive processing, or payment reapplication to ensure that borrower balances

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are fully accurate. Appropriate tracking and reporting of payment information will be required, including the payment histories related to conditional discharges.

- **Data Exchange and Maintenance** – This category consists of all transactions that support the transfer of data, including reconciliation between the CSB solution and all external interfaces, and loan balance verification between COD and the CSB solution. These interfaces may include credit bureaus, the National Student Loan Data System (NSLDS), the Internal Revenue Service (IRS), and the National Directory of New Hires, (NDNH), Guaranty Agencies (GA), Schools, among others. This category also includes the maintenance of critical data and parameters required to properly manage student aid obligations including variable interest rate tables, entitlement limitations, and other regulatory items.

Due to the size of the SCM portfolio, the CSB solution will need to process a significant volume of both batch and online transactions from multiple sources, including CSRs, the Internet, and trading partners. All transactions will include the accurate and timely gathering, computing, and transformation of incoming data and accurate and timely posting to appropriate borrower accounts. All transactions will undergo a verification process to identify, limit, and resolve errors and document a detailed audit trail for customer service, staff support, risk management, and portfolio management. Transaction Processing will also trigger other events in the CSB solution, such as correspondence generation, and internal and external reports. This includes timely and accurate reporting and reconciliation with the Financial Management System (FMS), FSA's accounting system, according to FMS and FSA standards.

All interface transactions must meet and align with other FSA standards, as well. These standards include transaction formats and layouts, edits, header and trailer records, personnel to monitor and resolve discrepancies, telecommunications, system balancing, reconciliation, and timing. The CSB solution will maintain a timely and accurate data exchange with all trading partners and ensure that proper error resolution procedures are in place and function as needed.

2.2.3 Payment Processing

The CSB solution will include a Payment Processing component that is integrated with the other components of the CSB End State Vision. Payment Processing consists of methods for the receipt and processing of both automatic payments (electronic debiting and Internet payments) and payments received with a corresponding payment coupon (via a lockbox) using standards established by the US Department of Treasury. In addition, payments (manual and electronic) received from third parties (i.e., CheckFree, Department of Justice, Lockbox, Electronic Debit Account (EDA) Vendor, Department of Treasury Clearinghouse, and Credit Card Vendors) will need to be posted to proper accounts using the appropriate payment manifest.

The CSB Payment Processing component must be both timely and accurate. Payments will be posted to the appropriate account effective on the date they are received. They must be posted to borrower accounts in an expedient manner. A method will be established to handle all types of exception processing to ensure the timely posting of exception payments. Exceptions include unidentified payments, misapplied payments, etc.

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In addition, as mentioned in Section 2.2.2 of this document, requirements exist for payment posting and accounting. The posting of processed payments will include application of payments to fees, interest, principle, retroactive processing, or payment reapplication to ensure that borrower balances are fully accurate. All payments will require sending timely and accurate information to FSA's Financial Management System (FMS) according to FMS and FSA standards.

2.2.4 Fulfillment

The CSB solution will incorporate a standard Fulfillment component for all CSB correspondence, thereby creating a consistent look and feel for CSB correspondence. The focus of the CSB Fulfillment solution is to provide prompt printing and distribution of CSB correspondence, both in paper and electronic formats. This also includes the preparation, storage, and distribution of inserts, stuffers, brochures, and envelopes, etc. that are sent to the borrowers. In providing prompt printing and distribution of CSB correspondence the CSB solution will minimize mail time. In addition, the CSB solution will minimize the overall volume of volume of correspondence wherever possible.

As part of the CSB Fulfillment component, a detailed record of correspondence sent to borrowers will exist. This detailed record will provide an accurate history for customer service. In addition, information from the detailed record will be provided as an input for portfolio management purposes.

2.2.5 Document Management

The CSB Document Management component will provide a centralized repository for all images and warehousing for all student aid documentation, whether paper or electronic. The image repository will enable real time access to all images within the SCM portfolio from anywhere at anytime. The CSB Document Management component will scan and index the images into the centralized repository for storage. Access to images will be granted via a user profile and will be secured via an authentication process.

The CSB solution will allow for workflow processing by intelligently routing document images to the appropriate processing locations thereby avoiding lost images and ensuring timely processing. The solution will also provide a paperless environment that is in compliance with the US Government Paperwork Reduction Act.

Another important factor of this component of the CSB solution is to comply with FSA document retention policies, as described in the US Department of Education Records Disposition Schedules. These policies are in place to ensure an acceptable version of the document can be accessed as needed for borrower references, collections activities, and legal action, among others. This component will encompass the execution of the data archiving and storage strategy established as a part of the Data Management business function. Archiving the appropriate data will enable system-processing time to remain at acceptable levels as well as complying with retention policies.

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2.2.6 Recovery and Resolution

Paper	Call Center(CSR)	IVR	Web
CRM/Customer Interaction			
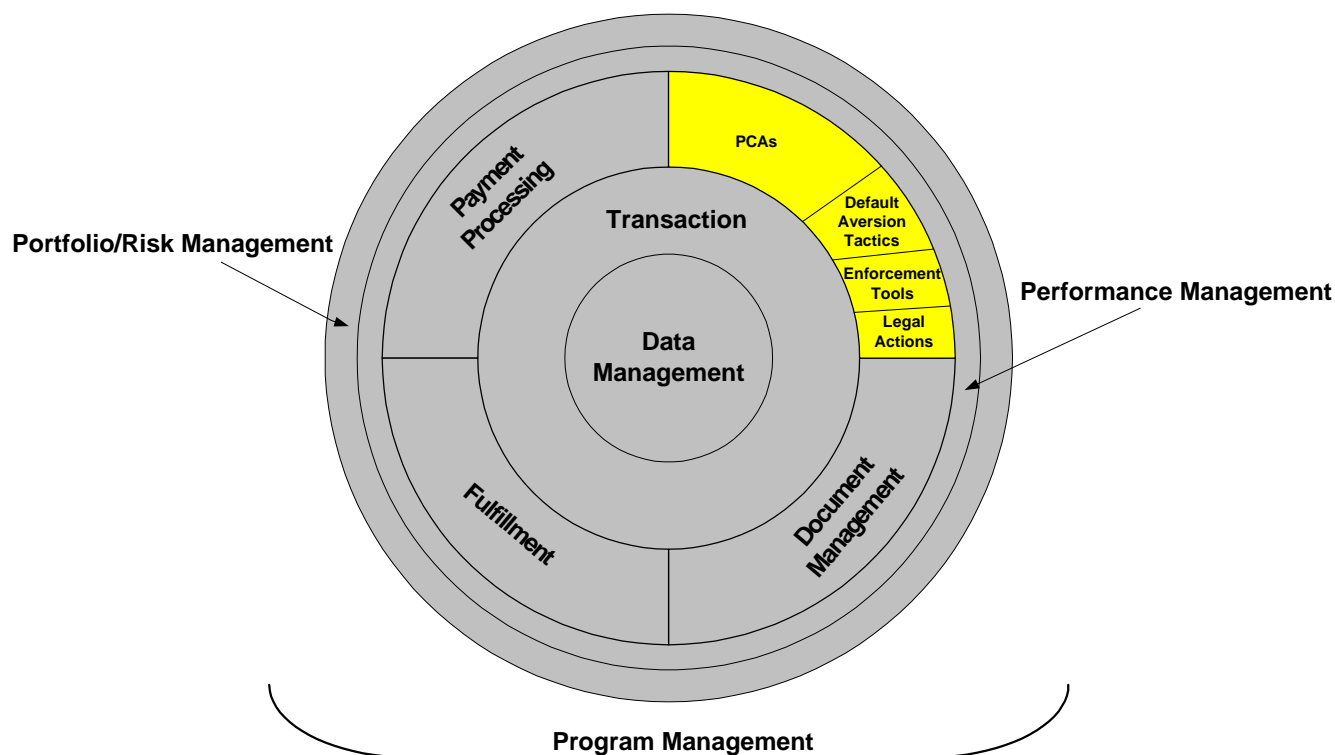
Recovery and Resolution is a key component of the CSB End State Vision. In order to manage a successful portfolio there must be an effective method in place for recovering outstanding debts and resolving any issues related to such outstanding debts. Various repayment plans and options, including Income Contingent Repayment (ICR) are required.

The largest and most important aspect of Recovery and Resolution in today's environment and mandated in the future CSB environment is the complete and thorough outsourcing of collections on defaulted loans to private collection agencies (PCAs). To that end, the CSB provider must provide a system solution to manage the process of allocating defaulted loans and similar activities to PCAs. All defaulted loans assigned to PCAs must be tracked and pre-defined performance measures captured in order to determine the success of the assignment as well as the success of the particular PCA.

The CSB solution must provide the ability to return delinquent loans to a current status. This may possibly be accomplished through the use of third party assignments at various stages of delinquency. All delinquent loans assigned to third parties must be tracked in the same manner as defaulted loans. Another method for returning delinquent loans to a current status is through the use of default

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aversion tactics including phone calls and statements to delinquent borrowers, the processing of entitlements for those who are eligible, and grace and repayment counseling, to name a few. Records of third party activity (i.e., contacts and communications) must be available for other uses (i.e., customer service, litigation, etc.).
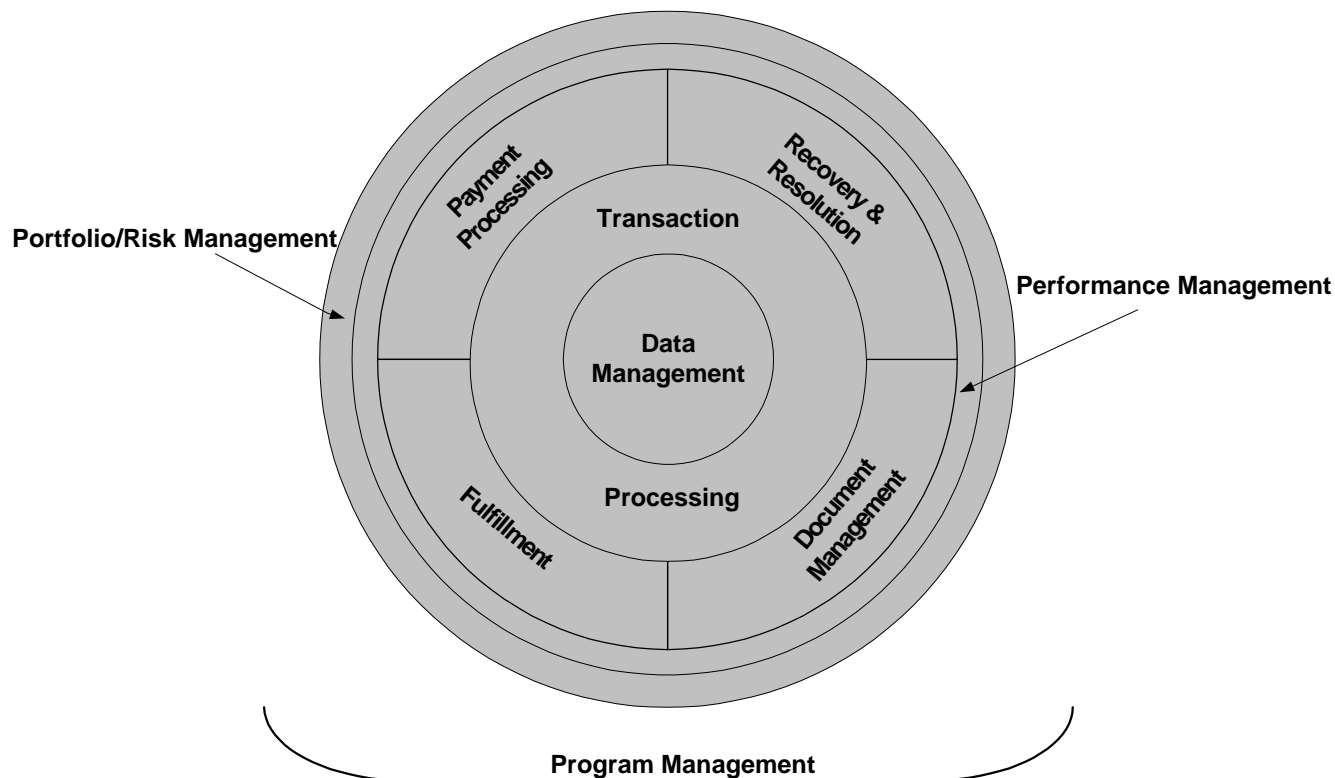
Another key feature that the CSB Solution must provide is the ability to resolve defaulted loans through a variety of methods. Any defaulted borrower who is willing to make the required number of consecutive payments must be given the option to rehabilitate or consolidate their defaulted loan. For those borrowers who are not willing to make the required number of consecutive payments, the ability to use appropriate enforcement tools is required. Such enforcement tools include Administrative Wage Garnishment (AWG), Treasury Offset Program (TOP), Federal Salary Offset (FSO) Program, and Department of Justice referrals, among others.

The CSB solution must handle the processing of general bankruptcy claims and adversary proceedings in bankruptcy. This will be accomplished through working in conjunction with the US Department of Justice, or another operating partner that may be selected to handle the routine processing (i.e., locating the accounts, annotating histories, providing account histories, responding to correspondence, etc.) of bankruptcy related documents for all borrowers within the SCM portfolio. In addition, the CSB solution must provide the necessary support required by the individual(s) responsible for handling the case(s). When the bankruptcy process defines repayments agreements, the CSB solution must be able to handle the requirements of those settlements. Similar support and flexibility must be available for other types of adversary proceedings, hearings, and litigation. These proceedings may include various discharges, AWG, and TOP, among others.

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2.2.7 Customer Relationship Management (CRM)/Customer Interaction

Paper	Call Center(CSR)	IVR	Web
CRM/Customer Interaction			

Payment Processing

Recovery & Resolution

Portfolio/Risk Management

Performance Management

Transaction

Data Management

Processing

Fulfillment

Document Management

Program Management

The CSB solution must include CRM/Customer Interaction tools and processes. These operations must include the handling of both inbound and outbound phone calls from borrowers and other student aid participants. The CSB solution must also process all incoming paper and electronic mail, and send appropriate paper and electronic correspondence. Other CRM/Customer Interaction tools include an Interactive Voice Response (IVR) system and a CSB Website. The tools, processes, system(s), and components of the CRM/Customer Interaction solution must be integrated with the "back office" functions of the CSB solution. In addition, the CRM/Customer Interaction solution must integrate with business processes of the front end of the student loan lifecycle, such as aid awareness and FAFSA processing. This interaction may include data sharing, call center warm transfers, Web links, and informal communications in an effort to integrate the relationship with other customers across the entire loan lifecycle.

A core tenet of the CRM/Customer Interaction solution will be providing CSB customers with a consistent experience and accurate answers across all interaction channels, contact points, and services.

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Customers should feel that they are receiving fully integrated high quality customer service, correspondence, and self-service opportunities without obvious or disruptive hand-offs. In order to ensure this experience, the CSB solution must have both formal and informal customer satisfaction measurement and reporting capabilities through surveys, feedback solicitation, and other methods. To ensure complete and thorough results, customer satisfaction should be measured and reported for all interaction points, regardless of borrower status or standing. The customer satisfaction measurements must be valid, valuable, and properly structured for reporting purposes. As required, the appropriate Office of Management and Budget (OMB) processes must be utilized in the creation of specific surveys. FSA stakeholders should be involved throughout the customer satisfaction process, especially during periods of evaluation of the measurements to determine if the measurements need to be modified and/or updated.

2.2.7.1 Paper
The CSB solution must properly handle and track all incoming mail quickly and efficiently. The CSB vendor(s) will have standard processes and procedures ensuring that all customer questions are answered, all requests are appropriately researched and handled, all forms and applications are processed, and all issues are resolved expeditiously. The CSB vendor must also establish and follow procedures for the handling of misrouted mail to avoid unnecessary delays in processing.

The CSB solution will facilitate CSRs in generating and re-generating correspondence to various student aid customers. This correspondence may include standard bills, forms, statements, applications, letters, and notices, as well as custom correspondence in response to Control Mail, such as Congressional letters and escalated issues. To facilitate the creation of custom correspondence, the CSB vendor(s) must provide knowledge management tools, such as a central repository of commonly used responses. This will permit CSRs to provide accurate and consistent answers in a timely manner. All correspondence sent to customers must adhere to "plain language" standards. The CSB vendor(s) must provide prompt, courteous, and accurate responses to customer correspondence in both English and Spanish (other languages may be considered at a future date).

2.2.7.2 Call Center (Customer Service Representative)
The CSB vendor will be responsible for building and running a call center environment. To do this, they must provide the necessary hardware, software, personnel, and interfaces with the appropriate telecommunications as required by the Federal Technology Service FTS2001 program. The call center environment must include capabilities for servicing, consolidation, and recovery of any type of student aid obligations. CSRs must have the ability to respond appropriately to different types of customer requests in both English and Spanish (other languages may be considered at a future date). This may include processing transactions (such as demographic updates and account indicator changes, which must be applied in line with all applicable policies and procedures), generating correspondence, providing student aid counseling, answering inquiries about student aid programs and entitlements, escalating issues, transferring calls, and referring calls to other sources of information (Internet, IVR, COD, schools, etc). CSRs must be able to provide accurate responses to inquiries from customers (i.e., students, borrowers, schools, FSA, Guaranty Agencies, other agencies, etc.) about the CSB portfolio in a timely manner, according to Privacy Act guidelines. Topics include, but are not limited to:
- Repayment options

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- Repayment amounts and timeframes
- Deferments and forbearances
- Interest capitalization
- Collection steps and consequences on non-payment
- Available literature, forms, and related instructions
- Rules governing application of payments
- Remittance information
- Loan payment history
- Loan status
- NSLDS Loan History
- Consolidation loans
- History of collection activity, correspondence, status changes, and other loan activities
- Basic question regarding other student loan programs

In addition, the CSB Call Center(s) must also operate as the outbound call center for debt recovery of delinquent and defaulted loans not assigned to PCAs or other third parties. The CSB vendor(s) will be required to follow appropriate due diligence procedures before delinquent debt can be defaulted. Processes and procedures for handling returned calls must be established, maintained, and revised as necessary to maximize all opportunities to recover student aid obligations.

The CSB solution will be the System of Record (SOR) for all CSB customer contacts. This information will be stored in a detailed history that is a single record of communications available for litigation support, bankruptcy support, and decision making for hearings, as well as providing a holistic view of all interactions with each customer. A borrower's history record must be maintained during periods of third party activity.

As discussed in Section 1.3.4.2 of the document, FSA owns and maintains a Siebel-based solution for the Direct Loan Servicing Call Center CSRs handling inbound calls, together with a Computer Telephony Integration (CTI) plug-in enabling Direct Loan call center personnel to manage telephone calls and customer relationships in an organized way. This asset is available to be leveraged as part of the CRM/Customer Interaction solution. If the CSB vendor(s) feels that another product would better serve the CRM/Customer Interaction function, alternatives may be presented to FSA for consideration and review.

The CSB solution is expected to meet numerous operational metrics that support the business outcomes of CSB. These may include, but are not be limited to, call center hours, average hold time, percentage of calls dropped, average call length, debt recovery rates, and customer service scores.

The CSB vendor(s) must support the toll-free telephone number(s), as provided by FSA under FTS2001, for borrowers and schools that allow IVR, automated routing, and mechanisms that keep dropped, abandoned, and blocked calls to a minimum. All telephone calls should be answered within industry acceptable time frames and CSRs will be equipped with tools allowing them to resolve most telephone inquiries in a reasonable amount of time. Only unique and infrequent issues should necessitate call-

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backs. The CSB solution must also maintain a record for use in loan servicing of all pertinent information obtained through CRM/Customer Interaction.

As an alternative to the frequent back and forth normally associated with CSRs and paper correspondence, borrowers also need the ability to access and use an Interactive Voice Response Unit (IVR) and a comprehensive website that provides a number of self-service options. By providing high quality IVR and Web self-service options, back and forth and person-to-person interactions will be limited to times when they are truly necessary.

2.2.7.3 Interactive Voice Response (IVR)

The toll-free number(s) used by the CSB Call Center must also accommodate a customer friendly IVR for customer service and cost efficiencies. Once a customer has been properly identified and authenticated through their FSA PIN, this technology should present customers with a vast array of self-service options in both English and Spanish (other languages may be considered at a future date), including demographic updates, payment plan changes, payoff quotes, balance information, payment history, etc. Accessible logs must be maintained that detail all IVR contact and self-service activities. The IVR should also provide information to customers about the CSB Website and its capabilities and route borrowers to appropriate CSRs or queues when necessary based on menu choices. While the IVR capabilities should be extensive, it will be important that the IVR script be understandable and that the IVR can be quickly and easily navigated to ensure that customers do not drop off before their interaction has been completed. Customers should be able to access the services they need with as little effort as possible.

2.2.7.4 Web

Internet technology is a valuable tool that has been leveraged in support of meeting some of FSA's objectives. Various types of web capabilities are currently available in Repayment, such as Electronic Bill Presentment and Payment (EBPP), Electronic Correspondence (EC), electronic forms submission, and real-time demographic changes, among others. Such capabilities allow for the continual expansion of self-service for borrowers and other customers. The CSB solution will include a CSB Website that integrates all components of the End State Vision for the entire CSB portfolio. The CSB Website will not include functions outside the CSB End State Vision, such as aid awareness and FAFSA processing.

The CSB Website must support an intelligent, user-friendly, and fully e-enabled environment in both English and Spanish (other languages may be considered at a future date). The website must allow customers to retrieve information, process transactions, receive answers to questions, and resolve issues without the need of a phone call. The CSB Website will also allow customers to send e-mails that will be answered by CSRs in accordance with Privacy Act regulations. All self-service activities and e-mail contact will be detailed in appropriate logs. The structure of the website will allow FSA to affect and control collaborative content changes with ease. The functionality and content of the current Direct Loan Servicing Borrowers, Schools, and Department of Education Websites, Direct Loan Consolidation Website (includes functionality for borrowers, lenders, and schools), FSA Collections Website, and the PCA/Guaranty Agency Support Website may be used, as they are FSA-owned assets (Please refer to *Appendix A* of this document for further detail as to the current functionality supported on these websites). The CSB Website must integrate closely with and be quickly and easily accessible from FSA's existing Students Portal.

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The CSB Website will comply with all appropriate federal regulations, including Section 508 of the Rehabilitation Act, in addition to using FSA's PIN functionality for customer authentication. The CSB Website will also comply with FSA's Security Policies and include multiple customer access points and security levels, based on the customer role. Examples of website customers/roles include:

- Borrowers
- Parents
- Schools
- FSA Personnel (Ombudsman, Client Account Managers (CAMs), Customer Service Representatives (CSRs), etc.)
- Guaranty Agencies (GAs)
- Private Collection Agencies (PCAs)
- Others

The CSB Website will contain accurate and current data and have the capability to push reports, messages, correspondence, statements, etc. to various customer types based on role, specific business events, and other criteria. It will also support the generation of reports and statistics, as well as techniques, such as the existing survey tool in Repayment, for the scheduled and ad-hoc gathering of customer feedback by FSA for the purpose of continuous improvement. Interfaces with existing trading partners will be maintained and the ability to expand and add new interfaces must exist. Data and other information on the site will be available real-time, with system availability and response times well within industry acceptable levels. In addition, the site will be scalable to allow for future evolution of web capabilities and portfolio growth with little effort required.

2.2.8 Performance Management

Performance Management establishes, verifies, and validates the results of the other components of the CSB End State Vision. The Performance Management component includes the continued support of business outcomes, operational metrics, and quality management.

The CSB vendor and FSA will agree to specific performance standards and metrics for achieving desired business outcomes and ensuring quality performance. FSA will regularly review the business outcome metrics and develop and execute action plans to ensure continuous improvement.

The CSB solution will include operational metrics supporting the achievement of FSA's goals. This includes capacity planning and performance of the system(s) comprising CSB. As part of the CSB capacity plan, a strategy will be created that addresses the scalability of the system(s). This will allow the components of the CSB solution to easily adapt to changes in system usage patterns. Operational metrics will also regulate the performance of the CSB components by identifying and applying industry best practices, including industry acceptable response times and system availability. The CSB solution will also incorporate Virtual Data Center (VDC) performance metrics.

An important piece of the CSB solution is quality management, as all components of the End State Vision will need strict guidelines for quality assurance and quality control. These quality guidelines will ensure the stability and reliability of the data, technology, and processes comprising the CSB

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solution. These guidelines will be reviewed and revised on a regular basis to ensure all quality expectations are met. The CSB solution must also ensure timely responses to the different entities that have relationships with SCM. These entities include borrowers, PCAs, GAs, schools, trading partners, and credit bureaus, among others. This also includes Office of the Inspector General (OIG), General Accounting Office (GAO), and external audit requests, investigation support for OIG, Department of Justice (DOJ), etc., and requests received as a result of the Freedom of Information Act (FOIA). Strict guidelines will be enforced to ensure that the best available support is given in a timely manner for all federal reporting requirements, especially audit requests.

The CSB vendor must perform cost accounting at various levels, as determined by FSA. This cost accounting will include, but is not limited to, program (Direct Loans in Repayment, Defaulted Direct Loans, Defaulted FFEL Loans, etc.), borrower, and loan. One example of a cost accounting model is activity based costing. This cost accounting is necessary in order to facilitate the extensive audit requirements of the Federal Government.

The Department has indicated a potential interest in either the securitization or sale of the Direct Loan portfolio. Under both scenarios, servicing could remain within CSB or the securitized or sold loans could be transferred to the Servicer of the purchaser. While no decision regarding the securitization or sale of all or part of the existing Direct Loan Portfolio or of new Direct Loans has been made, such a decision would require specific accounting and reporting to support the potential for sale or securitization. The CSB solution must provide this support.

Reviews of business outcomes, operational metrics, and quality management will be performed regularly. Performance management will be an iterative process that will evolve as business outcomes, performance metrics, and quality management are updated to align with FSA's goals. FSA may secure an Independent Validation and Verification (IV&V) vendor to work with and validate reporting to FSA.

2.2.9 Portfolio/Risk Management

The foundation of Portfolio/Risk Management is the ability to analyze the CSB portfolio data across all CSB functions and to proactively manage adjustments to operations and procedures to create positive change. A data model must be established, maintained, reviewed, and updated such that proper data mining and analysis can be performed. This data will include both demographic and financial information regarding the portfolio.

Analyzing and mining the portfolio data can be done using data analysis tools, like FSA's existing Microstrategy access to the Credit Management Data Mart (CMDM). This will allow FSA to identify patterns and relationships among the portfolio data. The objective of data mining is to help mitigate the risk of default and to improve the management of the Federal Government's student aid obligations. The CMDM is currently used by Repayment staff to monitor the repayment portfolio. It must be augmented with additional data to provide information about the entire SCM portfolio, specifically consolidation loan information and defaulted borrowers. Delinquency data mining can also be performed by schools. This will support FSA's efforts to continue to reduce cohort default rates. Data mining for student aid obligations presents unique difficulties because of the complex

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nature of the student aid obligation life cycle, such as borrowers that change schools (Please refer to *Appendix B* of this document for a detailed description of the functionality currently supported by FSA's Data Marts).

This CSB solution must include continuous innovation by providing new tools (i.e., predictive modeling, enhanced data mining tools, etc.) to support Portfolio Management. Each of these tools will give FSA the best information available to create action plans for continuous improvement.

2.2.10 Program Management

Lastly, the CSB solution is also intended to support the larger Program Management responsibilities of the Department of Education. The CSB solution must include methods to provide the necessary information to FSA that will enable them to continue to improve these programs. FSA Policy and Program Management will have the tools and information necessary to inform the policy makers in the Office of Postsecondary Education (OPE) and the Department of Education on issues impacting FSA activities. The CSB solution will support this requirement for information.

2.3   CSB Ancillary Requirements

Additional requirements are needed to support the business functions of the CSB solution. The following section is a description of each of these additional requirements:

2.3.1 Hosting

Currently FSA maintains a hosting provider, the Virtual Data Center (VDC). Many of FSA's current operational programs operate within the boundaries of this hosting provider. Even programs not wholly within the physical boundaries of the VDC maintain data and telecommunications interfaces within the VDC.

The VDC provides many functions to SCM such as maintaining operational environments, Direct Access Storage Devices (DASD) management, and first tier hardware and software support. In addition, the VDC is the licensing arm of FSA, maintains disaster recovery expertise and services, and fulfills the role as Chief Technology Architect for FSA.

Given the totality of FSA SCM systems with all its implied operational efficiencies, the assumption is the CSB solution will be hosted with the VDC. The vendor(s) will be responsible for ensuring applications work correctly when the VDC performs system upgrades and that all issues are resolved in a timely manner. Therefore, maintaining an effective working relationship with the VDC is critical.

The CSB vendor(s) may feel that certain components (i.e., printers, imaging platform, etc.) of the CSB solution infrastructure would be more cost effective or efficient for FSA if they remain outside the VDC domain. If this is the case, the CSB vendor(s) must develop and present alternatives to working with the VDC, which include strict, comprehensive, and clearly defined maintenance procedures and policies.

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2.3.2 Application and System Software Maintenance

The CSB vendor(s) must be responsible for the maintenance of all application software. The Application Maintenance encompasses all production fixes, functional enhancements, and application upgrades to websites, programs, etc. The vendor(s) will update program content based on guidelines and directives received from FSA and the Department of Education. FSA reserves the right to obtain the most competitive price for application maintenance. This may include maintaining a competitive pool of development vendor(s) from which bids are solicited.

The CSB vendor(s) will provide a detailed description of change control requirements to include procedures necessary to control the software, documentation, and data definitions throughout the life of the contract.

Change control requirements will include identification of change control issues, resolution plans, tracking mechanisms, reporting processes, etc. The CSB vendor(s) will have to coordinate the change control requirements with the VDC and other trading partners' configuration procedures, for example during the implementation of the annual School Software Release. In order to facilitate this interaction the CSB vendor(s) change control procedure process must comply with all FSA standards, including those already in place at the VDC.

2.3.3 Security

Given the sensitive nature of borrower data supplied via the Department of Education, it will be necessary for the CSB solution to demonstrate ample precautionary measures aimed at the protection of data. The CSB security approach must conform to Federal Security Requirements and FSA Security Guidelines. Moreover, since the CSB solution does not contain explicit boundaries, the security of communications and other business systems is paramount. The CSB solution should present practices and procedures in the following areas:
- Access control and methodology (including intrusion detection and alerts)
- Application and systems development security
- Business continuity and disaster recovery planning
- Law, investigation and ethics
- Operations security
- Physical security
- Security architecture and models
- Security management practices
- Telecommunications and networking

2.3.4 Quality Assurance (QA)

The CSB vendor(s) must have a demonstrative focus on quality. The CSB vendor(s) and FSA will create and follow strict guidelines for quality assurance. These guidelines will ensure the stability and reliability of the data, technology, and processes that compose the CSB solution. The CSB vendor(s) will ensure that all components of the CSB solution follow these guidelines.

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The vendor(s) will demonstrate quality assurance in terms of policy and procedure. To the extent required by legislative committees and FSA, the vendor(s) must be responsive and provide a timely, through, and accurate respond to ad-hoc requests.

The CSB vendor(s) should strive to achieve industry level standard certifications in quality in all components of the CSB solution. For example, the vendor(s) should strive for Capability Maturity Model Integrated^{SM} (CMMi) Level 3 or a comparable high level rating from the International Organization for Standardization (ISO).

2.3.5 Training

The CSB vendor(s) will create a strategy that details the resources, schedule, and appropriate training curriculum for FSA and contractor personnel based upon operational roles and business functions. Training manuals and job aids will be prepared and maintained according to FSA enterprise standards. Additional knowledge transfer will occur under the regular course of business operations, including new employee training, enhancements, legislative mandates (please see http://www.ifap.ed.gov for all relevant current information), etc.

2.3.6 Documentation

The CSB vendor(s) will maintain online system and application documentation that is complete, accurate, and accessible by FSA, as well as delivered to FSA via a broadly available industry standard electronic medium that creates an acceptable permanent record.

Examples of key program documentation the CSB vendor(s) will be required to provide include a Disaster Recovery Plan, a Security Plan, a Training Strategy Plan, and Application Documentation such as Database Structures and Diagrams, Application Code, and Data Model Updates. The CSB vendor(s) must document the Business Rules of their proposed solution and support FSA in its coordination and review of these Business Rules with Policy and the Office of General Counsel (OGC).

All CSB documentation must be in a format that is acceptable to FSA and facilitates any future updates. Any updates to the solution documentation including, but not limited to, procedures, hardware, software, data, and interfaces must be thoroughly documented. All updates to the system documentation must be made in a timely manner and recorded via a change log that is accessible by FSA personnel.

2.3.7 Federal Contracting Capabilities

The CSB vendor(s) will be expected to establish a contracting organization staffed with qualified contracting personnel. The scope of responsibilities for the Contracting team includes all tasks related to the award, monitoring, and termination of any contracts associated with the CSB solution. The Contracting team tasks must support the assessment of contract performance, specifically as it relates to the financial, personnel, technical, and client relationship aspects of the contract, as well as the success of the CSB vendor(s) in achieving the established performance measures. As described in Section 2.2.8, Performance Management, the CSB vendor(s) will be accountable to the business outcomes, operational metrics, and quality management standards defined for the CSB solution. These

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outcomes, measures, and standards will evolve and be revised based upon the changing business environment, which may result in new mandates, directives and priorities.

2.3.8 Transition

2.3.8.1 Phase-in Transition Plan

The CSB solution will operate in parallel with legacy system(s) as necessary to ensure that all business functions are fully tested and deployed and all data is converted in accordance with FSA's Conversion Plan. Outgoing and incoming vendor(s) must ensure that no business disruption occurs during the conversion and migration process.

A limited parallel run of Loan Consolidations will occur during the transition. Existing consolidations (currently in process) will be completed in the legacy environment. New consolidations from a specified date forward will be processed by the CSB solution. As a result of the size of the Servicing portfolio, a limited parallel run of Loan Servicing will be required during the conversion of the data.

2.3.8.2 End of Contract Transition Plan

The CSB vendor(s) will be responsible for ensuring the orderly transfer of the system from the contractor to the Government or to another contract during the final year of the contract. Turnover includes all necessary actions to transfer the system from one facility to another with appropriate data validation and training activities.

The CSB vendor(s) will submit a draft Turnover Plan to coincide with the deployment of the CSB solution. This plan will be updated and completed at the point of turnover of the CSB solution.

During the transition period, the CSB vendor(s) will be responsible for resolving production support issues and knowledge transfer. The vendor(s) will provide documentation on the specific roles and responsibilities of the transition team that will be delivered to FSA as a work product.

The transition period will be defined by FSA after the solution is available. The CSB vendor(s) will be responsible for performing parallel testing during the turnover period as specified in the approved turnover plan.

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3.0 Assumptions and Constraints

3.1 CSB Solution

1. The CSB solution will include an integrated information delivery and account maintenance environment capable of properly managing any type of student aid obligation.
2. Servicing of loans will include repayment, collections, and consolidation of loans.
3. The CSB solution will be required to interface, both directly and indirectly, with the existing FSA Integrated Technical Environment. This technical environment includes both internal and external interfaces.
4. The solution will adhere to FSA's enterprise standards and will support the objectives defined in the previous sections.
5. The contractor will be responsible for the complete and thorough testing of the CSB solution according to FSA's standards prior to pilot or deployment.
6. The CSB solution must support associated call center hours from 6:00 AM – 12:00 AM EST Monday through Saturday.
7. The CSB Website must be available close to 24 hours a day, 7 days per week.
8. The CSB solution will be aligned with the existing Portal and Data Strategies at FSA.
9. The CSB solution must be compliant with Section 508 of the Rehabilitation Act of 1986 and all of its Amendments.

3.2 Solution Ownership

1. Jose Otero will craft appropriate legal language to communicate FSA's objectives with respect to the usage of the CSB solution.
2. Not withstanding the ownership, title, or proprietary rights of the parties for the CSB solution being developed, it is understood that the Department of Education has exclusive and sole ownership of all data stored in, retrieved, modified and archived in the CSB system. No other party has the right to copy, delete, archive or transfer this data without the express written consent of the Department of Education.

3.3 Use of Subcontractors/Alliance Partners

1. Use of subcontractors must be compliant with FAR and Department of Education minority business and small business goals.
2. Subcontractors must coordinate with the VDC and other trading partners whenever necessary.

3.4 Legislative Mandates

1. Please see http://www.ifap.ed.gov for all relevant current information.
2. The contractor will create a system flexible enough to handle new requirements generated by Congress and respond to legislative mandates and policy changes.
3. The contractor will provide timely (as defined by FSA and contractor) responses to Office of Inspector General (OIG), Government Accounting Office (GAO), budget, data, and management requests.

Source Selection Information -- See FAR 2.101 and FAR 3.104
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This document cannot be released outside the Government without express written consent of the Contracting Officer (CO)

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APPENDIX A- Current Student Credit Management Website Functionality

Appendix - A
Current Student Credit Management Website Functionality

Web Function	DLSS Borrowers Website	DLSS Schools Website	DLSS Dept. of ED Website[1]	LC Website	Collections Website	PCA/Guaranty Agency Support Website
1098-E Tax Information	X		X			
Borrower Site Text Content Changes			X			
Borrower Surveys	X		X			
Change Payment Due Date	X		X			
Change Repayment Plan	X		X			
Consolidation Application – Interactive and Blank Form Download				X		
Consolidation Application Status				X		
Defaulted Loan Content					X	X
Deferment Request and Forms – Interactive and Blank Form Download	X		X			
Demographic Updates	X		X	X		
Discharge Application Download	X		X			
EDA Enrollment Request – Interactive and Blank Form Download	X		X			
EFT Payment Manifest				X		
Electronic Bill Presentment	X		X			
Electronic Correspondence	X		X			
E-Mail Option	X	X	X	X	X	X
Entrance Counseling	X	X	X			
Exit Counseling	X	X	X			
Forbearance Request and Forms – Interactive and Blank Form Download	X		X			
Frequently Asked Questions (FAQs)	X	X	X	X	X	X
General Account Information (Demographics and Balances)	X	X	X			
Glossary of Terms	X	X	X	X	X	X
Guaranty Agency Support						X
ICR Waiver Download				X		
Interest Capitalization Estimator	X		X			

Appendix - A
Current Student Credit Management Website Functionality

Web Function	DLSS Borrowers Website	DLSS Schools Website	DLSS Dept. of ED Website[1]	LC Website	Collections Website	PCA/Guaranty Agency Support Website
Log-in Through Common Origination and Disbursement (COD)		X				
Make Online Payment	X		X			
News Area	X	X	X	X	X	X
Online Advisor	X		X			
Online Advisor Management			X			
Other Forms Download	X		X	X		
Payment History	X		X			
Payoff Information	X		X			
PCA Support						X
PIN Log-On: ED Universal PIN	X			X		
PIN Request Option	X[3]			X[4]		
Promissory Note Download				X		
Promissory Note Retrieval	X		X			
Repayment Estimator	X	X	X			
Report Subscription to Student Aid Internet Gateway (SAIG)		X				
Retrieval of Statistics			X			
School Portfolio Report		X				
Search Feature	X	X	X	X	X	X
Section 508 Compliant	X	X	X	X	X	X
Security – 128 Bit Encryption	X	X	X	X		
Site Map	X	X	X	X	X	X
Site Tour	X		X			
Spanish Language Option	X	X	X			
Student Account Lookup Feature		X				
Survey Tool Management			X			
View Delinquency Reports		X	X			
View Repayment Loan Balances	X	X	X			
Website Help	X	X	X	X	X	X

[1] The DLSS Department of Education Website provides read-only access to the information contained within the DLSS Borrowers Website.

[2] The DLSS Schools Website displays reports for this function

[3] PIN site link and daily process of requesting new or duplicate PIN

[4] PIN site link

APPENDIX B – Student Credit Management Data Mart Reporting

Appendix - B
Student Credit Management Data Mart Reporting

Report Grouping	Report Title	CMDM	DLDM
CFO Accounting	Treasury Report of Receivables	X	
	SSN / Loan ID Posting	X	
	Detailed Transaction Listing	X	
	Transaction Summary FMS 600 Report	X	
Credit Management Direct Loan Repayment	Loan Booking Report	X	
	Loan Disbursement Reports	X	
	Payment Allocation	X	
	Portfolio Analysis Weekly Status	X	
Consolidation Statistics	Delinquency Range	X	
	Delinquency Range in ICR	X	
	Loan Status	X	
	Repayment Plan Suspense Code	X	
Delinquency Statistics	Repayment Borrowers by Consolidation Type	X	
	Repayment Borrowers by Loan Type	X	
	Repayment Borrowers by Repayment Plan	X	
	Repayment Borrowers by School Type and Control	X	
	Repayment Borrowers by Days Past Due	X	
	Delinquent Borrowers by Loan Type	X	
	Delinquent Borrowers by Repayment Plan	X	
	Delinquent Borrowers by School Type and Control	X	
Direct Loan Repayment (DLR) Statistics	CF20	X	
	Delinquency Rates	X	
	Delinquent Loans by Loan Type	X	
	DLR by Status Code	X	
	DLR by Loan Type	X	
	DLR by Loan Type	X	
	DLR by Consolidation Type	X	
	DLR by School Type	X	
	DLR by Repayment Plan	X	
	DLR by ICR	X	
	Total Amount Collected Since Inception	X	
	DLR Repayment Option Breakdown	X	
Department of Education	Department of Education report - All delinquent students for Ed		X
Schools	Schools report - All delinquent students by school for individual schools		X
Ad-hoc queries/reports	Various	X	

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